

Agricultural Situation

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LARGER SPRING AND FALL PIG CROPS IN '61

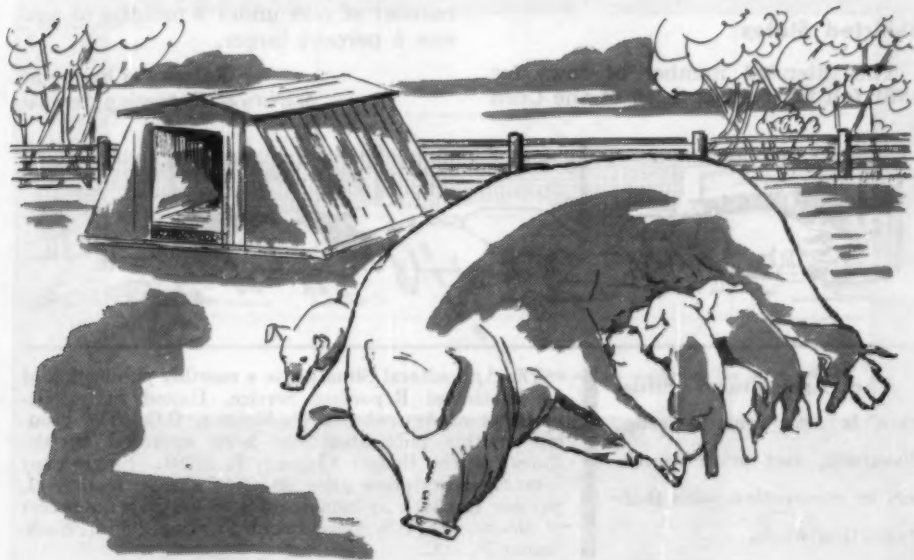
Reports based on farmers' intentions indicate that 6.0 million sows will farrow in the fall of 1961 (June through November). This number is 2 percent larger than the corresponding figure for the fall of 1960 and 11 percent above the 1950-59 average.

Virtually all of the expected increase in the number of sows to farrow this

fall is accounted for by the Corn Belt.

If the number of sows that farrow remains unchanged from the intentions and if the number of pigs saved per litter equals the 10-year average with an allowance for trend, the 1961 fall pig crop will be 42.5 million head, 3 percent larger than the 1960 fall crop.

The 1961 spring crop, which totaled



Pig Crops—Continued

50,456,000 head, was 7 percent larger than the 1960 spring crop but 7 percent smaller than the 10-year average. The number of 1961 spring pigs was larger than the number of 1960 spring pigs in all regions of the country except the North and South Atlantic. The 7.0 million sows that farrowed this spring represents an increase of 4 percent from a year earlier but a decrease of 12 percent from average.

More Pigs Per Litter

Pigs saved per litter in the spring of 1961 was a record 7.18, which accounts for the fact that the percentage increase in pigs was greater than the percentage increase for sows farrowed.

During the years from 1924 through 1936 the average litter size for the spring pig crop exceeded 6.00 pigs only twice. From 1937 through 1956 the average number of pigs per litter varied between 6.00 and 7.00. In 4 of the past 5 years the average has exceeded 7.00 pigs per litter.

The total of spring pigs plus fall pigs for 1961—92,956,000 head—is 5 percent larger than the spring-fall total for 1960 but 6 percent smaller than for 1959. The 10-year average annual number of pigs saved is 91.7 million head.

Selected States

The intended number of sows for 1961 fall farrowings in 10 of the Corn

Belt States (States that accounted for 75 percent of the 1960 pig crop) is 4 percent larger than a year earlier. These States are Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, South Dakota, Nebraska, and Kansas.

Present intentions indicate that there will be a 4-percent increase in the number of sows to farrow during June, July, and August and a 5-percent increase in the number to farrow during September, October, and November. The total for the fall period (June through November) of 4,551,000 sows is 18 percent above the 1950-59 average.

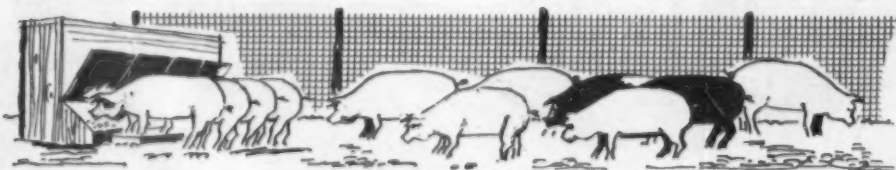
In these States the number of spring sows for 1961 totaled 5,429,000 head—an increase of 6 percent from 1960 but 11 percent below average. The increase over a year earlier in December-February sows was 4 percent; the increase in March-May sows was 7 percent.

The June 1, 1961 number of hogs and pigs on farms in these 10 States was 7 percent larger than a year earlier. The total was 49,218,000 head.

The June 1 number of hogs 6 months old and over was 10,836,000 head or 3 percent more than last year. The proportion of sows and gilts included in the 6-months-and-older age group on June 1 was somewhat higher than a year earlier. The number of hogs and pigs 3 to 6 months of age was 6 percent larger than a year ago; the number of pigs under 3 months of age was 9 percent larger.

Robert P. Christeson

Statistical Reporting Service



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Outlook Reports Play a Part in IMPROVING EGG PROSPECTS

The egg price outlook for the rest of 1961 now looks a lot better than it looked 6 months ago. The January issue of *The Agricultural Situation* said: "If . . . farmers . . . increase their chick purchase more than about 8 or 10 percent from last year, take heed!"

Early Outlook Unfavorable

Such an increase would have resulted in a significantly larger laying flock this fall than in either of the 2 preceding years, and probably in egg prices almost as low as in the fall of 1959. And early in 1961 such an increase in production wasn't just an imagined threat, because, as of February 1, farmers reported intentions to buy 12 percent more replacement chicks than they had bought in 1960.

Such an increase, had it materialized, would have led to unfavorable egg prices later in the year, and the outlook releases of the Economic Research

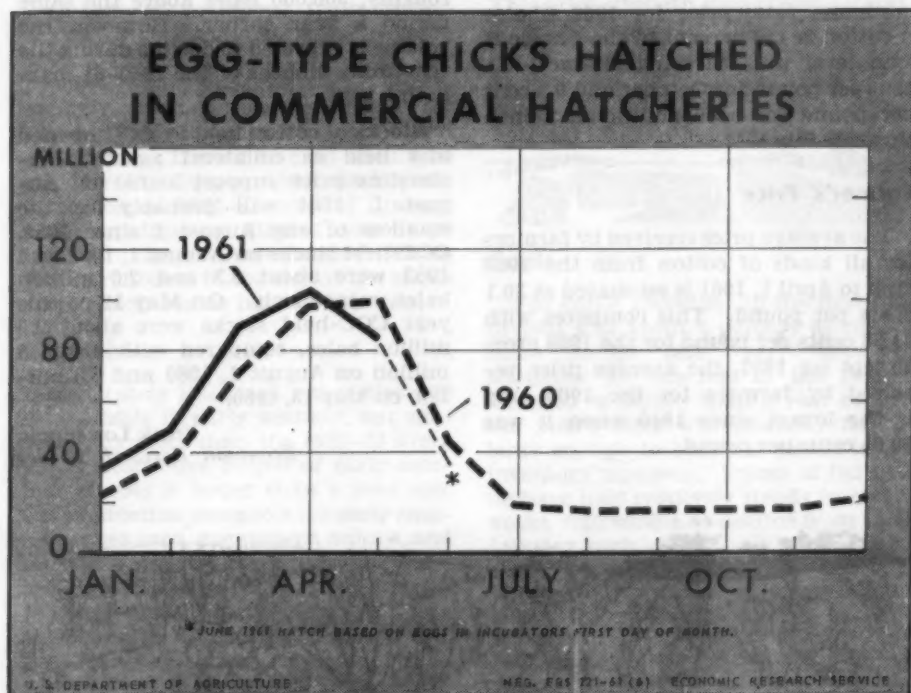
Service warned of those possible consequences.

Perhaps as a result of the warnings, the increase did not fully materialize. Instead of buying 12 percent more chicks, as they intended in February, or instead of continuing operations consistent with the 29 percent increase in chick hatchings in January-March, farmers curbed their enthusiasm for raising egg-type pullets.

By the time farmers had to firm up their orders for April chicks, egg prices hadn't yet weakened enough to discourage chick raisers. Therefore it was producers' good judgment, aided by outlook information, that limited the trend toward uncomfortably large hatchings this spring.

The record of successive monthly hatchings of egg-type chicks so far in 1961 shows these percentage changes in monthly hatchings, from the year

(continued on page 14)



COTTON . . .

Prices . . . Use . . . Stocks

The average 14 spot market price for Middling 1-inch cotton has increased rather steadily during the past few months. The low for the season occurred on January 12, when the price was 30.09 cents per pound. By February 21, the date of the price support announcement for the 1961 crop, the price had increased to 30.47 cents per pound. By June 19 the average was 32.25 cents per pound. The monthly average 14 spot market prices for Middling 1-inch cotton during the 1960-61 marketing year through April were below such prices in the corresponding months a year earlier.

The minimum support level at average location for Middling 1-inch cotton from the 1961 crop was set at 33.04 cents per pound. The Choice A purchase price at average location for Middling 1-inch cotton in 1959-60 was 32.42 cents per pound. The 1961 support level compares with the minimum CCC sales price for Middling 1-inch Choice A cotton from the 1960 crop in September 1960 of 29.29 cents per pound. The minimum sales price for 1960 Choice A cotton is 110 percent of the Choice B loan level plus carrying charges—0.1 cent per pound for October and 0.2 cent per pound for each additional month through July 1961.

Farmer's Price

The average price received by farmers for all kinds of cotton from the 1960 crop to April 1, 1961 is estimated at 30.1 cents per pound. This compares with 31.66 cents per pound for the 1959 crop. Except for 1957, the average price received by farmers for the 1960 crop is the lowest since 1949 when it was 29.65 cents per pound.

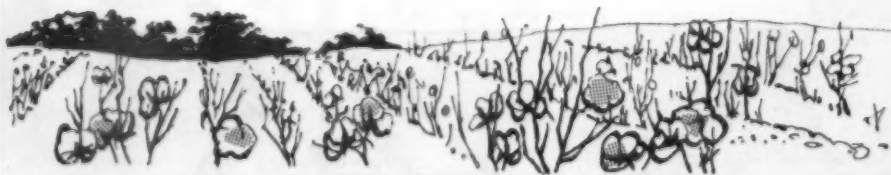
Consumption of cotton during the current season is running about 800,000 bales below the 9 million bales of 1959-60. However, the ratio of stocks to unfilled orders for cotton broadwoven goods on a seasonally adjusted basis declined from the end of December through the end of March. This decline probably indicates an increase in the rate of cotton consumption during the last half of 1961.

Imports of cotton textiles (excluding picker lap) during January-March 1961 were smaller than a year earlier and smaller than current exports of such textiles. Exports of cotton textiles for these months were slightly larger than exports during corresponding months of 1960. During the January-March period in 1960, imports of textiles were larger than exports.

Exports of cotton from the United States are estimated at about 6.5 million bales for the current season. From August 1, 1960 through March 1961 exports were about 5.1 million bales or, roughly, 300,000 bales above the same period a year earlier. However, the volume is expected to decline during the remaining months of the 1960-61 marketing year.

Stocks of cotton held by CCC (owned and held as collateral against outstanding price support loans) on August 1, 1961 will probably be the smallest of any August 1 since 1952. CCC-held stocks on August 1, 1952 and 1953 were about 0.3 and 2.0 million bales, respectively. On May 12 of this year CCC-held stocks were about 2.5 million bales, compared with about 5 million on August 1, 1960 and 5.3 million on May 13, 1960.

Frank Lowenstein
Economic Research Service



OUTLOOK



Below-normal temperatures during May slowed crop progress in many sections of the country. Delayed plantings also contributed to the lateness of the season, but for the nation as a whole, this should not affect 1961 crop output.



Fruit

Output of deciduous fruits is expected to be somewhat larger than in 1960. Larger crops are likely for peaches, sweet cherries, fresh plums, and strawberries; smaller crops, for apricots and sour cherries in the Western States. The apple crop should be considerably larger than last year. Condition of 1961-62 crop of oranges and grapefruit on June 1 was below last year. Lemons were higher. These will be reflected in the size of the citrus crop, which begins harvest this fall.

Vegetables

Moderately less fresh vegetables will be available in early summer, but substantially more than the 1950-59 average. Prospective output of early summer carrots is larger than a year ago, but production prospects for early summer sweet corn, cucumbers, onions, and tomatoes are smaller. Cabbage, celery, and green pepper output is close to year-ago levels. Supplies of both watermelons and cantaloups during the next few weeks are expected to be materially smaller than in 1960. Early

summer watermelons are down 12 percent from last year; cantaloups are expected to be down 8 percent. Reason: Smaller acreages and unfavorable weather in some areas.

Fats and Oils

While soybean oil prices declined sharply from the 1960-61 season's peak in April, they nevertheless are expected to remain strong for the rest of the year, averaging well above the 9.1 cents per pound of June-September 1960. This price strength stems from a slightly smaller supply of food fats during the current marketing year, a new high in domestic consumption, and near-record exports.



Cattle

Fed cattle slaughter in the first half of 1961 was about 4 percent above the same period last year. Although slaughter for the rest of the year is likely to be higher than a year earlier, the year's total will probably not be large enough to halt the expansion in inventory numbers. Prices of fed cattle have held relatively steady in recent weeks, following a \$5 decline from their January high.

Broilers

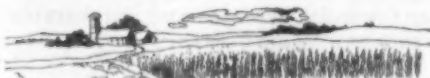
Broiler prices dropped in late May from the 14.4 cent U.S. average price of mid-month, and in mid June were 12.8

OUTLOOK



Continued . . .

cents per pound, the lowest since the monthly price record was begun in 1940. Only slight improvement in broiler prices is expected through July, because chick placements in 22 leading broiler producing States remained high in May, the month relevant to July slaughter.



Wheat

The winter wheat crop is forecast at 1,121 million bushels and the spring crop is 222 million bushels, indicating a total wheat harvest in 1961 of 1,343 million bushels. This is 1 percent less than last year's output but 23 percent above the 1950-59 average. Carryover on July 1, 1961, is expected to be about 1,414 million bushels, about 100 million more than last year.

Feed

Large quantities of corn and sorghum placed under price support have reduced supplies outside the support program. Heavy sign-up under the 1961 emergency feed grain program indicates smaller acreage and production for these grains are in prospect in 1961. The index of prices received by farmers for the four feed grains rose 6 percent from April to May when it was 14 percent above the seasonal low reached last November. The May average, however, was still 4 percent lower than a year earlier. With smaller total production of feed grains in prospect under the emergency feed grain program and with higher support on the 1961 crops, seasonal declines in prices of oats, barley and sorghum grains are expected to be less than normal.

Hogs

Hog production is close to 1960 levels but is expected to move above them for the remainder of the year. The 1961 pig crop is likely to be 5 percent larger than that of 1960. Hog prices this summer will probably average close to those of last summer, but prices this fall and winter will be little lower than a year earlier.

Turkeys

Turkey production for the year will be at least 25 percent above the 85 million turkeys raised in 1960. Though seasonally light, turkey slaughter so far this year exceeds that of 1960 by more than 50 percent. Supplies will continue above last year during the major marketing season.



Eggs

Compared with a year ago an increase in egg production is probable. Prices this fall will likely average slightly lower than last fall, although not to the extreme extent that had earlier been feared. (See story on page 3.) Although hatchery output of replacement type chicks in May and June was lower than a year ago, from January through April it was 19 percent higher.

Wool

The average price received for shorn wool for the 1960 marketing season was 42.0 cents per pound, compared with 43.3 cents of a season ago. Incentive payments will amount to 47.6 percent of dollar returns each producer received from the sale of shorn wool. They were 43.2 percent in the 1959 season.

If consumption continues at the seasonally adjusted rates of the first 4 months of 1961, the year's total mill use will be about 230 million pounds of apparel wool and 120 million pounds of carpet wool, compared with 244 and 160 million pounds, respectively, in 1960.



COTTON EXPORTS GET FINANCIAL BOOST

Since the start of the 1939-40 fiscal year (July 1, 1939), the U.S. Government has used financial aid to stimulate cotton exports. Some of this aid has been designed variously to help our allies in wartime, to help nations recover from war effects in immediate postwar years, to stimulate economic development, or to provide clothing for needy populations. Some has been designed primarily to enlarge cotton exports from the United States.

Government Financing

Over the 21 years from fiscal year 1939-40 through 1959-60 Government financing was involved in a large proportion of cotton exports. The value of such financing has been larger than 20 percent of the value of all U.S. cotton exports in all years since the 1940-41 fiscal year; since the 1954-55 fiscal year it has been larger than 56 percent.

Total Government financing to stimulate cotton exports covers four main kinds of programs—(1) grants, gifts, and sales for local currency; (2) short-term credit sales, which are later repaid in dollars; (3) transfers on a barter basis; and (4) export subsidies or payments.

Kinds of Financing

Grants, gifts, and sales for local currency were a substantial proportion of Government financing of cotton exports in most fiscal years since 1939-40. However, there were certain exceptions, notably 1939-40 and 1940-41, when there was no financing under this category and 1946-47 and 1947-48 when such financing was relatively small.

Proceeds from sales of cotton for local currency were used for many purposes, including outright gifts to the purchasing country, long-term loans for economic development repayable in dollars or the local currency, and payment of the expenses of U.S. missions of various kinds in the purchasing country.

Credit sales were large in 1946-47 and 1947-48 and relatively large in a few other years. In general, however, credit sales did not make up a consistently large part of Government financing.

Barter operations were large in 1956-57 and 1957-58; they were not used before 1955-56. Barter transactions were exchanges of cotton for other materials from the country purchasing the cotton. There may have been some price advantages for the cotton-purchasing countries derived from barter transactions rather than sales and purchases for dollars or gold.

Export Payments

Export payments and export differentials on CCC stocks have accounted for a large part of Government financing since 1955-56. Financing under this category was erratic before that time, not more than 11 percent of the value of all exports before 1955-56. The rates of payment and the CCC export differentials have varied widely over the years, ranging from 0.200 to 8.300 cents per pound.

Frank Lowenstein
Economic Research Service



WHAT ABOUT WHEAT PROGRAMS?

How would a wheat farmer fare under some of the alternative programs that have been suggested to solve the wheat problem? What adjustments would he need to make under each program in order to get the maximum net income? How would these adjustments affect total grain production on his farm?

Answers to these questions for some wheat farmers and some kinds of programs are in the findings of a recent study conducted by the Economic Research Service.

Six kinds of programs were studied on eight typical cash-grain farms in specialized wheat-producing areas of the Great Plains and the Pacific Northwest. The areas were in six States in the following locations:

- West-central Kansas
- Northwest Kansas
- Northwest Oklahoma
- Eastern Colorado
- Northeast Montana
- Eastern Washington
- Columbia Basin, Oregon.

The Study Setup

Each of the programs studied was a specially constructed example program that included one or more major features of wheat programs being considered for adoption at the time the study was made (fall 1960).

One of the programs, Program A, was essentially the same as the present acreage-allotment program in which wheat is supported at 75 percent of parity.

Program B called for lower acreage allotments and higher support prices than Program A. Program C called for higher allotments and lower support prices. Program D called for marketing allotments on food wheat and export wheat and stratified support prices. Program E called for marketing allotments on food wheat only and stratified prices.

Program F, in effect no program, called for no production controls and no support prices.

The most profitable use of land and other resources of the farm was determined for each farm for each program.

Results, Plan by Plan

Study results show how changes in income and production under Programs B, C, D, E, and F compare with income and production under Program A.

Program B . . . Slight Increase in Returns.—If present acreage allotments were reduced 25 percent and the support price increased to 85 percent of parity net income would increase 5 to 9 percent on the study farms in Kansas, Oklahoma, and Colorado. Net income would not change materially on other study farms.

Although wheat income would be reduced on most of the farms, the reduction in income would be compensated for by the additional returns from feed grains.

Total grain production (tons) would change only on northwest Kansas and Colorado farms, where it would increase 11 and 16 percent, respectively.

Program C . . . Reduced Returns.—If acreage allotments were increased 20 percent and the support price decreased to 65 percent of parity net incomes would be reduced on all study farms.

Reductions would be greatest on Kansas, Oklahoma, and Colorado farms. Increase in wheat income would not compensate for the reduced income from feed grains.

Total grain production would change only on the Colorado study farm, where it would decrease about 8 percent.

Program D . . . Increased Returns.—This program included: Food and export wheat supported at 65 percent of parity; an 80-cent-a-bushel payment on food-quota wheat, which would be earned by putting 20 percent of the wheat-base acreage in a land reserve with rental payments at the 1960 Conservation Reserve rate.

Net income would increase on all study farms. The increase would be very little on the northwest Kansas

study farm, 15 to 25 percent on west-central Kansas, Colorado, and north-east Montana farms, and 34 to 39 percent on the other four study farms.

Land not needed to produce marketing-allotment wheat would produce free-market wheat on study farms in Montana, Washington, Oregon, and Oklahoma; it would produce grain sorghum on the Kansas and Colorado study farms.

Total grain production would be reduced 4 percent on the Washington farm and 20 to 30 percent on other study farms—because of land retired.

Program E . . . Some Increases, Some Decreases.—Another marketing allotment program, this one included: Food wheat only supported at 90 percent of parity; other wheat at a free market price; no land reserve and no other controls.

Under this program net income would decrease on the northwest Kansas farm; increase on the Montana, Washington, and Oregon farms; change little on the other three farms.

Total grain production change would range from a decrease of 11 percent on the northwest Kansas farm to an increase of 19 percent on the Washington farm.

Program F . . . Reduced Returns.—With no production controls and no price supports, net income would decrease on all study farms. The decrease would range from 19 percent on the Washington farm to 66 percent on the Oklahoma farm.

Wheat production would increase on all study farms except the one in northwest Kansas. The farms in Oklahoma, Montana, Washington, and Oregon would produce all wheat, no feed grains.

Total grain production would increase about 10 percent on the northwest Kansas and Washington farms, decrease about 11 percent on the Colorado farm, and remain unchanged on other farms.

Generalizations

Wheat, even at 65 percent of parity, would pay better than other crops at present prices in specialized wheat areas.

Even at a feed price, wheat would pay better than barley in the dryland areas of Montana, Washington, and Oregon. At this price, however, wheat would be less profitable than grain sorghum on the Kansas and Colorado farms.

The most profitable alternative cash crops on specialized wheat farms in wheat areas in both the Great Plains and the Pacific Northwest are feed grains, which are grown largely with the same equipment and in the same way as wheat. Forage crops might be equally profitable on livestock farms, but these farms were not included in this study.

Typical wheat farms in the Great Plains and the Pacific Northwest would continue to produce wheat or other grains even if prices were much lower than they are now. Even with low prices, income generally would cover the direct out-of-pocket expenses of production, but returns to management and invested capital would be reduced.

A program restricting wheat production (such as Program B) would favor the farms with a profitable alternative cash crop, such as Southern Plains farms that grow grain sorghum profitably.

Programs permitting production of additional wheat for sale at a non-supported or feed price would favor farms with a less profitable alternative crop, such as the Northern Plains and Pacific Northwest farms that grow barley as an alternative to wheat.

The full report, "How Wheat Farmers Would Adjust to Different Programs," Production Research Report No. 52, is available from the Economic Research Service, Washington, D.C.

Warren R. Bailey
Economic Research Service



FLUID MARKET CHANGES LIMIT MILK PRICE GAINS

The daily rate of milk output from January through May was about 1 percent larger than for the same period a year ago. The gain probably would have been greater if below normal temperatures had not slowed pasture development in April and May.

Milk-feed price relationships that influence milk production continue to be favorable, with little change expected over the next several months. For the year as a whole, 1961 output is likely to exceed the 122.9 billion pounds of 1960 by more than last year's increase of 0.9 billion pounds.

In April and May, the first 2 months of the current marketing year, farmers received \$4.01 and \$3.89 per hundred-weight for all wholesale milk, 5 and 7 cents above the year earlier. Because there was virtually no change in prices paid for milk distributed in fluid form, the overall wholesale price gain from the 1960 level was limited.

During April and May also, farmers received \$3.26 and \$3.25 per hundred-weight for manufacturing milk, 14 and 15 cents above the year earlier. These higher prices reflected the higher price supports that began in March. Adjusted to annual average fat test, the prices were \$3.37 and \$3.35, respectively.

Prices paid for milk used for fluid purposes in April and May were practically the same as a year ago despite higher price supports. The effect of higher supports on the prices of Class I milk (milk used for fluid purposes) was offset by the operation of supply-demand adjusters in many fluid markets. Supply-demand adjusters are devices in pricing formulas which lower the Class I price when milk receipts in fluid markets increase more rapidly than Class I sales. In the reverse situation, they raise the price of Class I milk. From January through April 1961, milk

receipts from producers in 75 Federal orders markets advanced 5.7 percent above a year earlier, while milk used in Class I sales was only up 1.3 percent.

Since milk production nationally during the same period was up less than 1 percent, most of the sharp increase in milk deliveries to fluid milk markets represents a diversion of supplies from manufacturing milk markets to fluid milk markets.

Since May 1956, producers in fluid milk markets have delivered more milk each month than in the corresponding month of the previous year.

The continued shift to farm bulk tanks and a desire of dairymen and plant operators to convert from Grade B to Grade A status have been mainly responsible for the uptrend in milk receipts in fluid milk markets.

Farm Price for All Milk

Prices to farmers for all milk were lower than a year ago because a somewhat greater proportion of total milk production was used in lower valued manufactured products as opposed to higher valued fluid items. All of the increase in milk production so far this year has been used in manufactured products; fluid sales show practically no change.

Milk prices increased rapidly between late 1950 and 1952 in response to an increase in demand associated with the Korean War. These relatively high prices, together with a precipitous decline in beef cattle prices, were largely responsible for the record 5½ billion pound increase in milk production in 1953 and the unusually large purchases of dairy products for price support by the Commodity Credit Corporation in 1953 and 1954. As a result of the wide imbalance between supply and demand, the support level for prices of manu-



facturing milk and butterfat was sharply lowered in the marketing year that began April 1, 1954.

Currently, civilian per capita consumption of butter apparently is running at about the same level as in 1960 and cheese use is somewhat greater. Distributions from CCC stocks are likely to increase as the year progresses. This increased distribution will in turn increase the total per capita consumption of both butter and cheese in 1961, even though the long-term decline in the per capita consumption of butter from commercial sources is likely to continue.

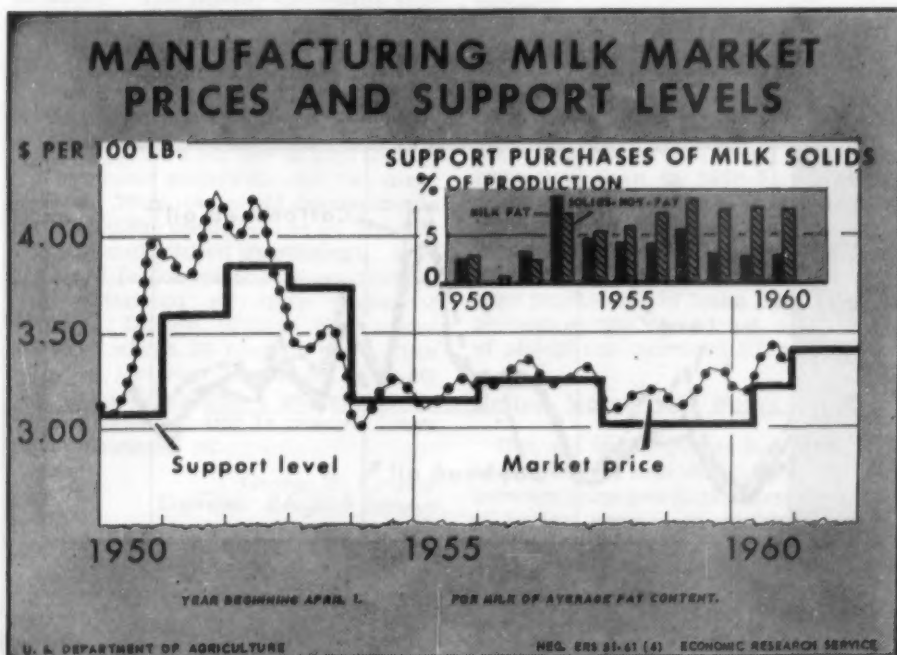
From January through April, ice cream output was 1 percent below 1960 and outputs of ice milk and milk sherbet were practically unchanged. Consumption of these frozen dairy products failed to increase primarily because of cool weather in April and May, although the level of unemployment may have been partly responsible. Last year, the per capita consumption of ice cream declined $\frac{1}{3}$ of a pound to 18.4 pounds, while ice milk use increased by the same amount to 4.5

pounds. On a per capita basis, ice cream consumption since 1954 has averaged 18.0 pounds; during the same period milk sherbet has held about steady at 1.5 pounds.

In the first 10 weeks of the marketing year beginning April 1, CCC purchases of butter under the price support program totaled 91 million pounds, compared with 49 million a year earlier. Cheese purchases during the same period were 13 million pounds, compared with very little purchases in the entire 1960-61 marketing year. Deliveries of nonfat dry milk in April and May were 6 percent above the 1960 level.

Information from Federal and State regulated markets for the first few months of the year suggests that the downtrend in per capita consumption of fluid whole milk is continuing in 1961, although aggregate consumption is not too different from a year ago. Even sharper declines appear to be in prospect for cream items. However, skim or low-fat products may show a significant rise.

Herman Bluestone
Economic Research Service



FOOD FAT PRICES CLOSELY RELATED

Wholesale prices of the major food fats—soybean oil, cottonseed oil, and lard—are expected to average about one-third higher in 1961 than in 1960. The bright outlook for this year reflects a slightly smaller supply of food fats coupled with a new high in domestic consumption and exports.

This year's higher prices reverse a 10-year downtrend in the general price level of the three major food fats. Prices in 1960 had reached their lowest level since the early 1940's.

Prices of soybean oil, cottonseed oil, and lard generally move up or down together. And, except for short-time variations, their relationships to each other stay relatively the same.

This "togetherness" of prices of the three major food fats reflects primarily the high degree of interchangeability of the three in manufactured food products. When one of the three gets out of line with the other two in the general price level, manufacturers who use that fat in their products switch to a

lower priced fat to as great an extent as possible.

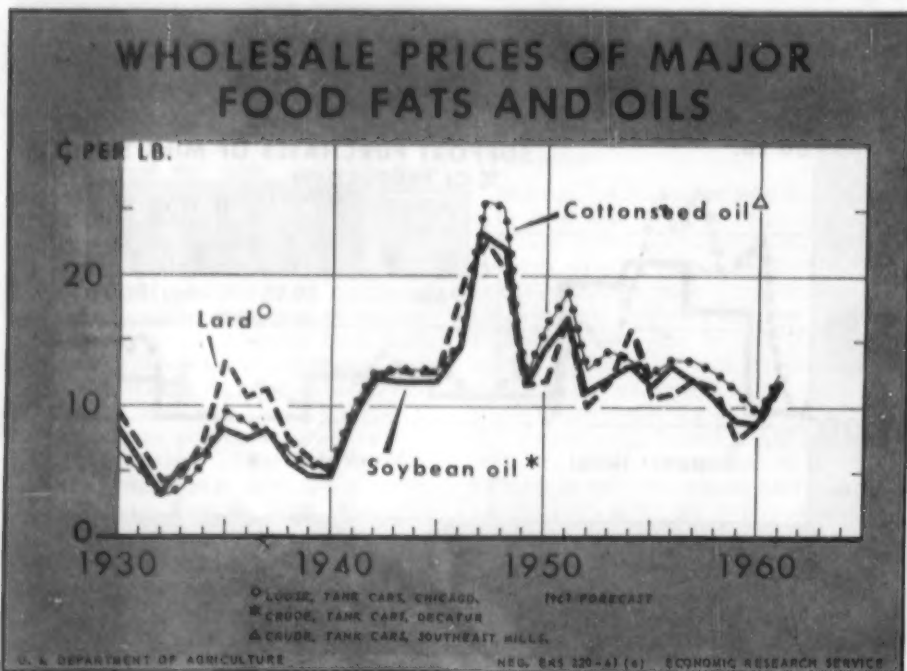
The extent to which other fats can be substituted for the fat in question depends on the nature of the demand that the manufacturer has for it—that is, whether the demand is chiefly non-competitive or competitive.

Noncompetitive Demand

Noncompetitive (or "fixed") demand consists of the amount of a given fat or oil in a product for which the manufacturer believes there is no substitute.

For some products the amount for which there is no substitute may be all the fat in the product; for other products it is the minimum proportion of the fat that the manufacturer believes must be that kind in order to obtain the standardized products he desires.

Sometimes the demand for a given fat is noncompetitive because other possible substitutes do not have the characteristics wanted. Cottonseed oil, for example, has long been considered an



excellent oil for products to be used for deep-fat frying because of its relative stability when subjected to cooking heat. Many users are reluctant to use soybean oil and lard for this purpose; therefore these other two oils are not competitive in these products for these users.

Sometimes the demand for a given fat is noncompetitive because other fats that are otherwise suitable cannot be used without a costly change in the manufacturing process—or without expensive labeling changes.

Competitive Demand

A manufacturer's competitive demand for a fat consists of the amount of fat in the product over and above the amount that makes up the non-competitive demand.

Fats and oils to satisfy the competitive demand are selected mainly on the basis of price and available supply.

In recent years, for example, there has been a sharp growth in the use of soybean oil as compared with the use of cottonseed oil—both because of favorable prices and because of increase in supply. The rapidly increasing supply of soybean oil has been used mainly in shortening, margarine, and salad oils; it has displaced some cottonseed oil for these uses.

In recent years also the competitive demand for lard for use in shortenings has increased manifold—for two main reasons. First, technical developments facilitated the use of lard as an ingredient in manufactured shortenings. Second, lard prices relative to soybean oil and cottonseed oil have decreased sharply. During 1930-40 lard prices averaged about 28 percent more than either of the two oils. From 1947-60, lard prices averaged 4 percent lower than soybean oil and 14 percent lower than cottonseed oil.

George W. Kromer
Economic Research Service

The Farmer's Share

The farmer's share of the consumer's food dollar was 38 cents in April 1961, a cent lower than in March. In April 1960 the farmer's share was 40 cents.

India Fights

The Problem of Underproduction

In contrast to the agricultural situation here in the United States, India has been struggling with problems of underproduction for some time now. At present the country is beginning the third 5-year-program, designed to help not only Indian agriculture but the national economy as a whole.

Although India has fallen somewhat short of its 1960-61 production goals, agricultural production is rapidly increasing.

Increased Production

For example, 1960-61 food grains production is 47 percent above what it was in 1950-51. During this period cotton production increased 90 percent; sugarcane production increased 39 percent; oilseeds production went up 25 percent; jute production rose 55 percent; tea production increased 18 percent; tobacco production climbed 8 percent; and wool output grew by 26 percent.

Land Development

There are also notable improvements in Indian land development. This year there was 36 percent more land under irrigation than in 1950-51. Nitrogenous fertilizer production increased by 2,233 percent over the past 10 years, while the domestic use of this fertilizer went up 555 percent. Phosphate fertilizer production in India increased 689 percent during the period, and the use of phosphate increased 871 percent.

United States' Aid Helps

U.S. aid under Public Law 480 plays an important role in bridging the gap between farm production and the needs of Indian people. It enables India to buy in rupees the additional food and fiber its perennially low foreign exchange balance would not otherwise permit.

William F. Hall
Economic Research Service

BUSINESS RECORDS FOR FAMILY FARMS

Operators of family farms, like other businessmen, need good records. No longer can the typical operator of a family farm rely on his memory to provide necessary information about his business, which is becoming increasingly complex.

A systematic and convenient method of accounting for farm transactions can afford much information useful in successful farm management. On most family farms such records may be kept by the farmer or someone in his family, without the expense of hiring an accountant or bookkeeper.

In setting up an accounting system for a farm a first consideration is to decide what is wanted from the records to be kept. Some farmers may not wish to go beyond the records necessary for an accurate preparation of income tax returns. Others may want to keep a detailed record for each crop or livestock enterprise.

For a majority of family farms a system of recordkeeping based on the five kinds of business records listed below is recommended.

- *Documentary records.*—These are legal papers, such as business agreements, leases, contracts, deeds of title, mortgages, and insurance policies.

- *Balance sheet.*—An annual statement of farm assets and liabilities, for current use and historical analysis.

- *Sales and purchase records.*—A systematic account of farm sales and purchases, recorded as they occur.

- *End-of-year summary.*—A summary of the year's transactions, for use in business analysis and as a basis for income tax reports.

- *Production records.*—Crop and livestock records of production and production requirements that will enable the farmer to estimate production efficiency by enterprises.

Such a system of records and accounts should provide a basis for computing net income and equity in the business and for preparing income tax returns. The records can also be used for finding the strong and weak points

in the farm business. They will not solve problems automatically, of course; the extent of their value depends on how the information from them is interpreted and used.

Useful tips on how to keep farm business records are included in a new publication, "Family-Farm Records," Farmers' Bulletin 2167. To obtain a free copy of this publication write to the Office of Information, USDA, Washington 25, D.C.

James Vermeer
Economic Research Service

Recent USDA Publications:

FOOD IS A BARGAIN!

Marketing Bulletin 18, 16 pages

This illustrated booklet tells an important part of our agricultural success story. In simple, concise terms it shows why food is a bargain in the United States today. The booklet can be used by farmers and agricultural leaders who sometimes find themselves confronted by critical questions on the farm economy. Facts such as these help more Americans to take a just pride in their agriculture—an agriculture that produces food at bargain prices for the consumers.

EGGS—Continued

before: January, +41 percent; February, +27 percent; March, +26 percent; April, +6 percent; May, -15 percent. Note the steady downward trend in relation to last year. And for June 1, the number of eggs in incubators was down 20 percent from last June 1. Assuming that the June hatch will be down proportionately, for the first 6 months of 1961 the hatch of egg-type chicks will be up only 6 percent from 1960.

Thus the increase in the number of chickens raised and coming into lay in 1961 from the 1961 hatch is likely to be only half as large as the increase that farmers had intended in February.

Edward Karpoff
Economic Research Service

"Bert" Newell's Letter

Of course, you have all gotten a laugh out of sending the kid to the shop for a left-hand monkey wrench. Another one we always pulled on the new kid in the shop was to send him to the chemistry laboratory for a bucket of blue amperes. These are old initiation jokes that you don't expect anyone except the most gullible to bite on.

Something happened recently that struck me funny. I was fixing a picket fence when a neighbor sidewalk engineer stopped by to watch progress. I needed a short piece of two-by-four to fill in. I picked a scrap that looked about right but turned out to be about an inch short. "Too bad," I said, "if I just hadn't lost my 'cuton' saw, I could fix that." He looked a little puzzled and said, "What is a 'cuton' saw?" I explained that it is a special kind of saw that you use when something is just a little short, and you can saw on a piece. I put on more trimmings and for a minute I really had him going, but he finally tumbled.

It is downright surprising, though, what some people will fall for when they are not familiar with a subject. I remember a traveling salesman (we called them drummers) who would sit around the hotel and expound learnedly on almost any subject. Why, that guy would tell you all about taxes, school administration, road construction, agriculture, or anything else, and he would do it with such assurance. I'll bet if he had asked them to, some of his audience would have tried to buy a bucket of striped paint.

You knew that I was going to bring up the subject of crop reports some way or other, so let's take a look at crop reports. It's awfully easy to get misled by some of these statistics if you don't know just what you are dealing with. Every once in a while we are confronted with what appears to be some very convincing information, but we are suspicious souls who have to look behind the averages.

Now a lot of times people quote statistics, and within the context they are perfectly good, but others may draw a different conclusion. For example, we had an agronomist at the college who was promoting the use of lespedeza on poor land. He made a talk in my county and gave a lot of statistics on the acreage of lespedeza he had established all over my part of the State. A lot of people were very much impressed. The only trouble was that some, including the editor of our weekly newspaper, got the idea that about half the county was planted to lespedeza.

In crop estimates one of our biggest problems—and the thing we put most time in on—is getting a good, representative sample that will give a fair and accurate picture of the entire area we are dealing with.

This is not easy, particularly in our present day when agriculture is changing rapidly. This is the reason we are adding some methods of obtaining information.

You may have heard about our procedure for enumerating a number of small areas throughout the States. This is cooperative crop and livestock reporting, just as much as the mail inquiry. Enumeration cannot be done every month nor cover everything; the voluntary crop, livestock, and price reporters are necessary for the broad coverage so we can give you and the Nation an accurate report of what is going on.

You know that we appreciate your help and, in fact, the whole Nation appreciates your help because you provide the basic facts everyone needs.

Statisticians are generally a serious bunch, not given to joking. We are not going to ask you for a left-hand monkey wrench or a "cuton" saw. All we want are the facts. We'll report 'em as accurately as we know how.



S. R. Newell
Chairman, Crop Reporting Board, SRS



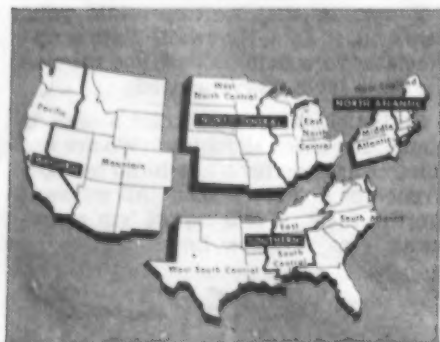
Growth Through Agricultural Progress

July 1961

In This Issue

	Page
Larger Spring and Fall Pig Crops in '61	1
Outlook Reports Play a Part In Improving Egg Prospects	3
Cotton . . . Prices, Use, Stocks	4
Outlook	5
Cotton Exports Get Financial Boost	7
What About Wheat Programs?	8
Fluid Market Changes Limit Milk Price Gains	10
Food Fat Prices Closely Related	12
The Farmer's Share	13
India Fights the Problem of Underproduction	13
Business Records for Family Farms	14
Recent USDA Publications	14
"Bert" Newell's Letter	15

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